

Message Text

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ACTION EB-11

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TAGS: ENRG, TECH, PFOR, US, YO

SUBJECT: KRSKO COMMENT

REF: A. ZAGREB 0839, 11/29/73; B. ZAGREB A-84, 12/7/73

SUMMARY: SENIOR OFFICIALS IN SLOVENIA ATTACHING MUCH IMPORTANCE "COOPERATIVE PRODUCTION" ASPECTS WESTINGHOUSE KRSKO PACKAGE. POINT BEING MADE THAT IMPLEMENTATION THESE ASPECTS OF MUCH SIGNIFICANCE IN YUGOSLAV ENVIRONMENT AND CAN HAVE REAL BEARING ON AWARD CONTRACT FOR SECOND NUCLEAR PLANT TO BE BUILT UNDER SLOVENIAN-CROATIAN AGREEMENT FOR JOINT-ACTION CONSTRUCT KRSKO IN SLOVENIA AND SECOND PLANT IN CROATIA. END SUMMARY

1. DURING SLOVENIAN GOVERNMENT'S LUNCH FOR CONSULAR CORPS JAN 17, ANDREJ MARINC, PRESIDENT EXECUTIVE COUNCIL SLOVENIA, TOOK UP KRSKO. HE STRESSED THAT, WHILE WESTINGHOUSE PACKAGE STRONGEST TECHNICALLY, IT WAS "LEAST STRONG" IN AREA OF "COOPERATIVE PRODUCTION" AIMED AT ENABLING YUGOSLAV PRODUCERS DEVELOP TECHNICAL SKILLS ESTABLISH EXPORT MARKETS (REF B). MARINC SAID SOME CIRCLES ALREADY EXPRESSING CONCERN OVER THIS TO KRSKO DECISION

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MAKERS. HE SUGGESTED WESTINGHOUSE MAY NOT UNDERSTAND IMPOR-

TANCE THIS ASPECT IN YUGOSLAV ENVIRONMENT. MY REPLY WAS THAT LAWRENCE E. HEDRICK, PRESIDENT POWER SYSTEMS EUROPE WESTINGHOUSE, HAD MADE STRONG POINT DURING SPEECH AFTER SIGNATURE KRSKO LETTER OF INTENT NOV 28 THAT WESTINGHOUSE WOULD SOON HAVE PROPOSALS REGARDING INVESTMENT IN YUGOSLAVIA (REF A); THIS SHOULD AUGUR WELL FOR "COOPERATIVE PRODUCTION" ASPECTS KRSKO PACKAGE. PRESIDENT MARINC TOOK DUE NOTE AND SAID THAT RESULTS IN THIS AREA COULD HAVE SIGNIFICANT IMPACT ON DECISION REGARDING AWARD CONTRACT FOR SECOND NUCLEAR PLANT TO BE BUILT UNDER SLOVENIAN-CROATIAN AGREEMENT RE JOINT-ACTION FOR CONSTRUCTION TWO NUCLEAR PLANTS, FIRST IN SLOVENIA (KRSKO) AND SECOND IN CROATIA. PRESIDENT MARINC CONTINUED WITH SOME EMPHASIS THAT YET ANOTHER NUCLEAR POWER PLANT IS PROJECTED FOR MACEDONIA.

2. DURING CALL DEC 7, 1973, ON ENG. MILOS SULIN, THE MEMBER SLOVENIA'S EXECUTIVE COUNCIL WHO HEADED SLOVENIAN WORKING GROUP FOR SELECTION KRSKO CONTRACTOR, HE ALSO UNDERLINED GREAT IMPORTANCE ATTACHED IN YUGOSLAVIA TO "COOPERATIVE PRODUCTION" ASPECTS KRSKO PACKAGE. ADDITIONALLY, ENG. SULIN COVERED TECHNICAL CONSIDERATIONS OUTLINED IN KRSKO COMMUNIQUE LEADING TO AWARD KRSKO LETTER OF INTENT TO WESTINGHOUSE (REF B). ENG. SULIN CONTINUED THAT, IF WESTINGHOUSE DELIVERS WELL ON KRSKO PACKAGE, IT SHOULD ENJOY FAVORABLE POSITION REGARDING CONTRACT FOR SECOND PLANT TO BE BUILT NEAR IVANICGRAD IN CROATIA ON NORTH BANK SAVA RIVER ABOUT 20 MILES DOWNSTREAM FROM ZAGREB. ENG. SULIN NOTED, HOWEVER, THAT THE COMPETITION COULD BE KEEN. ACCORDING TO ENG. SULIN, A TASK FORCE WILL DETERMINE THE EXACT SITE FOR SECOND PLANT AND DECIDE SIZE OF PLANT, PROBABLY ABOUT 900 MW, BEFORE SOLICITING ANY BID OR BIDS. IN REPLY, PRESIDENT HEDRICK'S REMARKS AT KRSKO ABOUT INVESTMENT IN YUGOSLAVIA WERE RECALLED.

4. ALMOST IDENTICAL VIEWS AS THOSE EXPRESSED BY ENG. SULIN HAVE BEEN GIVEN US BY DIRECTOR FERETIC OF ELEKTROPRIVREDA ZAGREB, CROATIA'S INVESTOR IN NUCLEAR PLANTS.

5. WESTINGHOUSE REPRESENTATIVE ADVISED ME JAN 23 THAT WORK ON FINAL ASPECTS LENGTHY CONTRACT IN PROGRESS AT KRSKO. WITH REGARD PRESIDENT HEDRICK'S MENTION "INVESTMENT PROPOSALS," WESTINGHOUSE REPRESENTATIVE SAID THESE STILL "SOMEWHAT LIMITED OFFICIAL USE

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DOWNSTREAM."

6. COMMENT: AFTER SIGNING KRSKO LETTER OF INTENT, SENIOR REPRESENTATIVE OF SLOVENIA'S INVESTORS, SAVSKA ELEKTRARNA, CONFIDED SOBERLY THAT, TO VERY CONSIDERABLE EXTENT, INVESTORS' "SKINS" NOW DEPENDENT ON ABILITY WESTINGHOUSE DELIVER ON KRSKO. JUDGING FROM PRESIDENT MARINC'S REMARKS, "SNIPERS" MAY ALREADY BE TRYING SECOND GUESS KRSKO INVESTORS. THIS

CONNECTION, PLAN UNDERLINE TO WESTINGHOUSE REPRESENTATIVES
HERE IMPORTANCE ATTACHED IN YUGOSLAVIA TO "COOPERATIVE PRODUC-
TION" ASPECTS OF PACKAGE. AS TO TECHNICAL EXCELLENCE WESTING-
HOUSE PRODUCTS, ALL COMMENT HAS BEEN CONSISTENT IN PRAISE.
JUST BEFORE SIGNATURE LETTER OF INTENT, ONE SENIOR SLOVENIAN
SAID PRIVATELY: "THERE WAS NEVER DOUBT THAT KRSKO CONTRACT
SHOULD GO TO AMERICAN FIRM. THEY WERE ONLY BIDDERS WITH
REQUISITE TECHNICAL EXPERIENCE."
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